

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING						FORM 3 AMENDED REPORT				
<b>APPLICATION FOR PERMIT TO DRILL</b>						1. WELL NAME and NUMBER DNL East Gusher Disposal 1				
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						3. FIELD OR WILDCAT MOFFAT CANAL				
4. TYPE OF WELL Water Disposal Well Coalbed Methane Well: NO						5. UNIT or COMMUNITIZATION AGREEMENT NAME				
6. NAME OF OPERATOR DEL-RIO RESOURCES INC						7. OPERATOR PHONE 970 254-3114				
8. ADDRESS OF OPERATOR P.O. Box 459, Vernal, UT, 84078						9. OPERATOR E-MAIL allinpro@bresnan.net				
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) FEE			11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>			12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>				
13. NAME OF SURFACE OWNER (if box 12 = 'fee') DNL East Gusher Disposal, LLC						14. SURFACE OWNER PHONE (if box 12 = 'fee') 435-789-1703				
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') P.O. Box 459, Vernal, UT 84078						16. SURFACE OWNER E-MAIL (if box 12 = 'fee') delrio@easilink.com				
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')			18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>				
20. LOCATION OF WELL		FOOTAGES		QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN		
LOCATION AT SURFACE		2554 FNL 1370 FWL		SEnw	12	6.0 S	19.0 E	S		
Top of Uppermost Producing Zone		2554 FNL 1370 FWL		SEnw	12	6.0 S	19.0 E	S		
At Total Depth		2554 FNL 1370 FWL		SEnw	12	6.0 S	19.0 E	S		
21. COUNTY UINTAH			22. DISTANCE TO NEAREST LEASE LINE (Feet) 575			23. NUMBER OF ACRES IN DRILLING UNIT 40				
			25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 3050			26. PROPOSED DEPTH MD: 5350 TVD: 5350				
27. ELEVATION - GROUND LEVEL 5275			28. BOND NUMBER 8734397758			29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Well on property				
<b>Hole, Casing, and Cement Information</b>										
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight
COND	20	14	0 - 40	50.0	Unknown	0.0	Class A	40	1.18	15.6
SURF	12.25	8.625	0 - 1000	24.0	H-40 ST&C	8.8	Class G	397	1.56	14.6
PROD	7.875	5.5	0 - 5350	17.0	N-80 LT&C	8.8	50/50 Poz	512	1.84	12.5
<b>ATTACHMENTS</b>										
<b>VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES</b>										
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER					<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN					
<input checked="" type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)					<input checked="" type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER					
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)					<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP					
NAME David L. Allin			TITLE Vice President/Exploration Mgr			PHONE 970 254-3114				
SIGNATURE			DATE 06/28/2012			EMAIL allinpro@bresnan.net				
API NUMBER ASSIGNED 43047528770000			APPROVAL  Permit Manager							

**Revised September 20, 2012**

**Complete Drilling Plan ("CDP") Attachment to Form 3 and Compliance Checklist Submittal for**  
**Del-Rio Resources, Inc. Proposed DNL East Gusher Disposal 1**  
**Class II Injection Well on Fee Land Owned by DNL East Gusher Disposal, LLC**  
**2,554' fnl 1,370' fwl, SENW Section 12, (Tract 45) T6S, R19E, Uintah County, Utah**

R649-3-4.1 & 2 See **Form 3, Application for Permit to Drill ("APD")** submitted to the Utah Division of Oil, Gas and Mining ("DOGM") for approval herewith and submissions below itemized by the applicable subsections of the Utah Administrative Code entitled Rule R649-3 Drilling and Operating Practices ("Rules").

R649-3-4.2.1 For additional information the APD author, David L. Allin, can be reached in Grand Junction, Colorado by telephone at (970) 254-3114 and/or by e-mail using [allinpro@bresnan.net](mailto:allinpro@bresnan.net).

R649-3-4.2.2 The lease is fee land. Del-Rio Resources, Inc. ("Applicant") is authorized to file this APD by its wholly-owned subsidiary, DNL East Gusher Disposal, LLC, ("Owner") the owner of the patented fee surface. See **Form 5, Designation of Agent or Operator**. The Applicant will construct the DNL East Gusher Disposal 1 ("DD 1" or "proposed injection well") only if and when the United States Environmental Protection Agency ("EPA") Underground Injection Control ("UIC") permit application UT21217-08321 dated December 30, 2008 is issued in final form to the Applicant. The lessee and operator of the oil and gas rights within one-quarter mile of the site of the proposed injection well is Bill Barrett Corporation as depicted by **CDP Attachment A**. Bill Barrett Corporation has provided its consent to the exception location and construction of the DD 1 injection well on April 24, 2012 as evidenced by **CDP Attachment B**.

R649-3-4.2.3 The proposed injection well is located within the exterior boundaries of the Ouray Valley Unit.

R649-3-4.2.4 The location of the proposed well as staked in the field is depicted by **Form 3 Well Plat Attachment** produced by Uintah Engineering & Land Surveying.

R649-3-4.2.5 The Applicant operates a water well (WIN 33632) on the property for the Owner drawing from Water Right 43-11514. This well is located 250' northeast of the proposed injection well site. Water pumped and stored from the on-site well will be supplemented as needed by water trucked to the site from a municipal water source in Vernal, Utah. Water from sources requiring Utah Division of Water Rights approval will not be utilized.

R649-3-4.2.6 Elements of the proposed drilling program are itemized below.

R649-3-4.2.6.1 Estimated tops of important geologic markers at depths below ground level elevation 5,275' above mean sea level:

Duchesne River Formation	Surface
Uinta Formation	1,100'
Green River Formation	5,240'
TD	5,350'

R649-3-4.2.6.2 Prediction and protection of water, oil, gas, or other mineral-bearing formations. Surface casing will be set at 1,000' below GL in the lowermost part of the Duchesne River Formation and cemented to the surface to protect possible but unknown resources of fresh water during drilling operations. Natural gas and brine water with shows of oil may be encountered in fluvial sandstone layers 5' to 15' in thickness located between 3,550' and 3,900', 4,500' to 4,860' and 5,030' to 5,240' in the Uinta formation. Any porous layers that may be intersected in the 110' of the Green River Formation programmed to be drilled to accommodate open hole logging of the base of the Uinta Formation will contain Utah Black Wax oil, natural gas and brine water. The injection (long) string casing is planned to be set to TD near 5,350' in well-circulated drilling mud and cemented back to about 500' to overlap the surface casing string. In combination with the surface casing, the injection casing will be fully isolated from the contents of all formations below the surface until perforations are made.

R649-3-4.2.6.3 The minimum pressure control equipment will be composed of a blow-out preventer with both blind and pipe rams rated for 3,000 psi working pressure that can be operated from a remote control station at least 50' from the well plus a rotating head above the blow-out preventer with a working pressure capacity of 500 psi. If the drilling contractor's blow-out prevention equipment or rented equipment includes an annular blow-out preventer, it will be included in the stack, but is not a requirement for this operation. The drilling spool or the surface casing head below the blow-out preventer will be equipped with a kill line and check valve and a flow line with a gauge, valve and backup valve or adjustable choke all of minimum 2" diameter and rated for no less than 3,000 psi working pressure. See **CDP Attachment C: Schematic Diagram of the Blow-Out Prevention Equipment ("BOPE")**. Upon installation on the surface casing, the double-ram preventer will be pressure tested to 3,000 psi for ten minutes with no more than 5% pressure loss. The DOGM will be notified 24 hours in advance of all testing to be performed on the BOPE as required by R649-3-6.2.3. A record of the BOPE and casing tests will be maintained until the well is completed and that record of the BOPE and casing tests will be submitted to the DOGM if required per R649-3-7.3.

Before drilling through the surface casing shoe, the bit will be checked to verify the presence of an operable float valve. The Kelly cock will be checked and repaired if necessary. A stabbing valve suitable for use in the boxes of the drill pipe and the Kelly cock wrench will be kept handy at the driller's station. The surface casing will be pressure tested to 1,000 psi (one psi/ft) for ten minutes with no more than 5% pressure loss.

In accordance with R649-3-7.4 the double ram blow-out preventer will be checked for physical operation each trip and all BOPE components with the exception of an annular type blow-out preventer, if present, will be tested monthly to 300 psi for ten minutes with no more than 5% pressure loss. All tests will be noted in the driller's log and that log will be available for examination by the Director of DOGM or an authorized agent during routine inspections.

R649-3-4.2.6.4 The well will be spudded with a bucket rig and the surface hole will be drilled with an Atlas-Copco RD20 or similar mobile rig. The primary rotary rig included with the drilling equipment may be of mobile or possibly modular design. The drilling rig and its auxiliary equipment and supplies are typically rigged up on a square and level pad 150' on each side. The site is within the developed operating area of the DNL East Gusher Disposal produced water disposal facility allowing considerable space for additional well service equipment if needed. A blooie pit will be dug at a position generally east of the well at a distance to accommodate a minimum of 100' of 4" blooie line. Note that this blooie pit location is not depicted correctly by **CDP Attachment D: Figure 2 Rig Layout**. A reserve pit will be dug next to the steel mud pits ready for use when the drilling system must be converted to circulate

mud as dictated by conditions in the well. **CDP Attachment D: Figure 1 Location Layout; Figure 2 Cross Sections; and Figure 3 Rig Layout.**

Up to three strings of casing are planned to be run to complete the construction of the well. Conductor pipe consisting of 40' of 14" pipe will be set in 20" diameter hole and cemented to the surface with 40 sacks of Class A cement mixed to yield 1.18 cubic ft/sack with 15.6 lbs/gallon slurry weight and total volume of 8.4 Bbls. NOTE: If the surface hole driller (spudding rig) has a temporary diverter that can be slipped into the hole without setting the 14" pipe, that string can be eliminated from the program. Surface casing consisting of 1,000' of 8.625", 24.0 ppf, H-40 grade, 8 rd ST&C casing will be set in 12.25" diameter hole with a cement float shoe on bottom. The surface casing string will be cemented by pump and plug method from the float shoe to the surface with 397 sacks (including 50% excess) of Class G cement mixed with 4% gel, 2.8 lbs/sack Gilsonite and 0.25 lbs/sack cellophane flakes to yield 1.56 cubic ft/sack with 14.6 lbs/gallon slurry weight. A total of 110 Bbls of slurry will be available to allow topping off the annulus if the cement sinks. The injection casing or long string will be composed of 5.5", 17.0 ppf, N-80 grade, 8 rd LT&C casing that will be set in 7.875" diameter hole with a guide shoe on bottom near 5,350' and a cement float collar one joint up near 5,308'. The injection casing string will be cemented by pump and plug method from the guide shoe to approximately 500' over the surface casing shoe to near 500' with 512 sacks (including 10% excess) of Class H (50-50 Pozmix) cement containing 4.0 lbs/sack gel, 8.0 lbs/sack Silicalite, 4.0 lbs/sack Granulite, 0.5 lbs/sack Versaset and 0.25 lbs/sack Poly-E-Flake to yield 1.84 cubic ft/sack with 12.5 lbs/gallon slurry weight and total volume of 168 Bbls.

R649-3-4.2.6.5 Circulation while advancing the hole will be maintained with air and a foaming agent as deeply as possible. While drilling with air/mist/foam, the outlet of the blowline will be equipped with an igniter to detect and burn off natural gas. Water production or caving problems in the well will determine the point where drilling the well must be continued with treated water or gel/chem mud composed of bentonite, a polymer viscosity-builder and shale stabilizer and a pH modifier if necessary. No weighting material will be necessary. Sufficient supplies of the ingredients to mix mud and circulate the well will be on site when the surface casing shoe is drilled. The mud system will be monitored by visually checking the steel mud pit level.

R649-3-4.2.6.6 No testing or coring is planned. Water samples will be collected and analyzed to characterize the chemistry of the porous zones of the Uinta Formation. Upon reaching TD and achieving circulation with conditioned mud, the well will be logged with tools to record gamma ray, neutron-density, caliper, spontaneous potential and resistivity data. All logs will be recorded from TD to the surface casing shoe and the gamma ray log will be recorded to the surface for correlation purposes.

R649-3-4.2.6.7 The expected bottomhole pressure will not exceed 2,300 psi. The Triumph Corporation Federal 2 (API No. 43-047-20202) at a distance of 1,900' to the north-northwest from the proposed injection well site intersected the same geologic section during 1967 without encountering pressure or temperature abnormalities or potential hazards such as hydrogen sulfide. No abnormal subsurface conditions or potential hazards are known to exist in the proposed injection well site.

R649-3-4.2.6.8 It is proposed that the well will be completed with a packer set on the end of 3.50" or 2.875" tubing set within the first joint of casing above the uppermost perforated zone to allow step-rate pump testing to determine the fracture gradient of the Uinta Formation injection zone and a mechanical integrity test of the tubing-casing annulus and packer. The S-RT, MIT and water quality data will be submitted to EPA to complete the requirements of a Final EPA Class II UIC permit. A request to convert

the well for use as an injection well for the disposal of produced water under a Final EPA UIC permit will be submitted for approval by DOGM.

The Owner, a wholly-owned subsidiary of the Applicant, wishes to maintain control over the management of the surface and usage of the surrounding property to the full extent allowed while insuring compliance with the Rules and other State of Utah, Federal and Uintah County regulations and ordinances. The Owner's wishes will be carried out by its appointed operator and parent company, Del-Rio Resources, Inc.

R649-3-4.2.6.9 The requirements of this rule are not applicable to this vertical well.

R649-3-4.2.7 The Applicant has been appointed operator of the property by the Owner. See the copy of the executed **Form 5: Designation of Agent or Operator** attached to Form 3.

R649-3-4.2.8 An Onsite Predrill Evaluation is required under this rule prior to approval of an APD because of fee surface. The onsite meeting was held on August 1, 2012.

R649-3-4.3 This APD employed an electronic version of Form 3 provided by DOGM through its on-line ePermit system.

R649-3-5 The well will be identified by a sign posted in a conspicuous place near the well. The sign will be of durable construction with lettering kept in legible condition large enough to be read under normal conditions at a distance of 25'. The well numbering system utilized on the property will be a non-repetitive, logical and distinctive sequence. The sign will show the name of the well, the operator, emergency contact number, lease name and location by quarter section, township and range.

R649-3-6.1 Drilling operations will be conducted according to the drilling program approved under this APD by DOGM. Any changes except mitigation of emergency conditions will be submitted to DOGM on Form 9, Sundry Notices and Reports on Wells, for approval, and DOGM approval will be obtained prior to implementation. DOGM will be given verbal notice of emergency changes within 24 hours and the operator will file a written notice using Form 9 within five days.

R649-3-6.2 *Reporting Requirements.* Written notices and filing of forms with DOGM other than those that can be filed on-line will be directed to:

Utah Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, UT 84114-5801

The telephone number of the DOGM receptionist during business hours and number to be used for leaving routine messages after business hours:

Utah DOGM: (801) 538-5340

MAJOR UNDESIRABLE EVENTS must be reported by telephone immediately after calling for emergency services if needed. In the case of a major undesirable event ONLY, a notification to DOGM can be made after business hours by calling (801) 243-9466.

The Applicant as operator will comply with the following routine reporting requirements to DOGM:

1. The spudding of this well will be reported within 24 hours. This report will include the well name, drilling contractor, rig number and type, spud date and time, the date that continuous drilling will be commenced, the name of the reporter and the reporter's contact number. The spud report can be directed to Oil and Gas Well Information Specialist, Carol Daniels, verbally by calling (801) 538-5284 or transmitting the report via e-mail to Ms. Daniels at [caroldaniels@utah.gov](mailto:caroldaniels@utah.gov).
2. Within five working days of spudding the well, the operator will fill out and file Form 6, Entity Action Form, to receive the well's entity number for future operational reporting requirements.
3. Twenty-four hours advance notice of testing blow-out preventer equipment.
4. A monthly status report on the well will be filed until such time as the well is completed and the well completion report ("WCR") is filed. The monthly reports will be filed on Form 9 and include the well depth and a description of the operations conducted on the well during the month. The reports are due no later than the fifth day of the following calendar month.
5. Twenty-four hours advance notice of casing tests required prior to drilling through the casing shoe or continuing with completion operations.
6. Fresh water aquifer layers encountered during drilling will be reported on Form 7, Report of Water Encountered during Drilling. This report will be filed with Form 8, Well Completion Report or Recompletion Report and Log.

R649-3-14. Fire Hazards on the Surface. All rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least 100' from the well location, tanks, separator, or any structure. All waste oil or gas shall be burned or disposed of in a manner to avert creation of a fire hazard.

Any gas other than poisonous gas escaping from the well during drilling operations will be conducted to the blooie pit by the blooie line or gas buster flow line where a continuous igniter will insure that the gas is burned. The end of the blooie line will be at least 100' from the well.

R649-3-15. Pollution and Surface Damage Control. The Applicant will take all reasonable precautions to avoid polluting lands, streams, reservoirs, natural drainage ways, and underground water.

The Applicant will carry on all operations and maintain the property at all times in a safe and workmanlike manner having due regard for the preservation and conservation of the property and for the health and safety of employees and people residing in close proximity to those operations.

At minimum, the Applicant will:

1. Take reasonable steps to prevent and will remove accumulations of oil or other materials deemed to be fire hazards from the vicinity of the well locations, lease tanks and pits;
2. Remove from the property or store in an orderly manner, all scrap or other materials not in use;
3. Provide secure, workmanlike storage for chemical containers, barrels, solvents, hydraulic fluid and other non-exempt materials;
4. Maintain tanks in a workmanlike manner that will preclude leakage and provide for all applicable safety measures and construct berms of sufficient height and width to contain the quantity of the largest tank at the storage facility;

5. Insure that the use of storage tanks for crude oil or water without tops is limited to well testing operations;
6. Catch leaks and drips, contain spills and clean up promptly;
7. Practice waste reduction and recycling in order to help reduce disposal volumes;
8. Dispose of produced water, tank bottoms and other miscellaneous waste in a manner that is in compliance with DOGM Rules and other Utah State, Federal and county regulations or ordinances; and
9. Use good housekeeping practices in general.



T6S, R19E, S.L.B.&M.

DNL EAST GUSHER DISPOSAL, LLC,

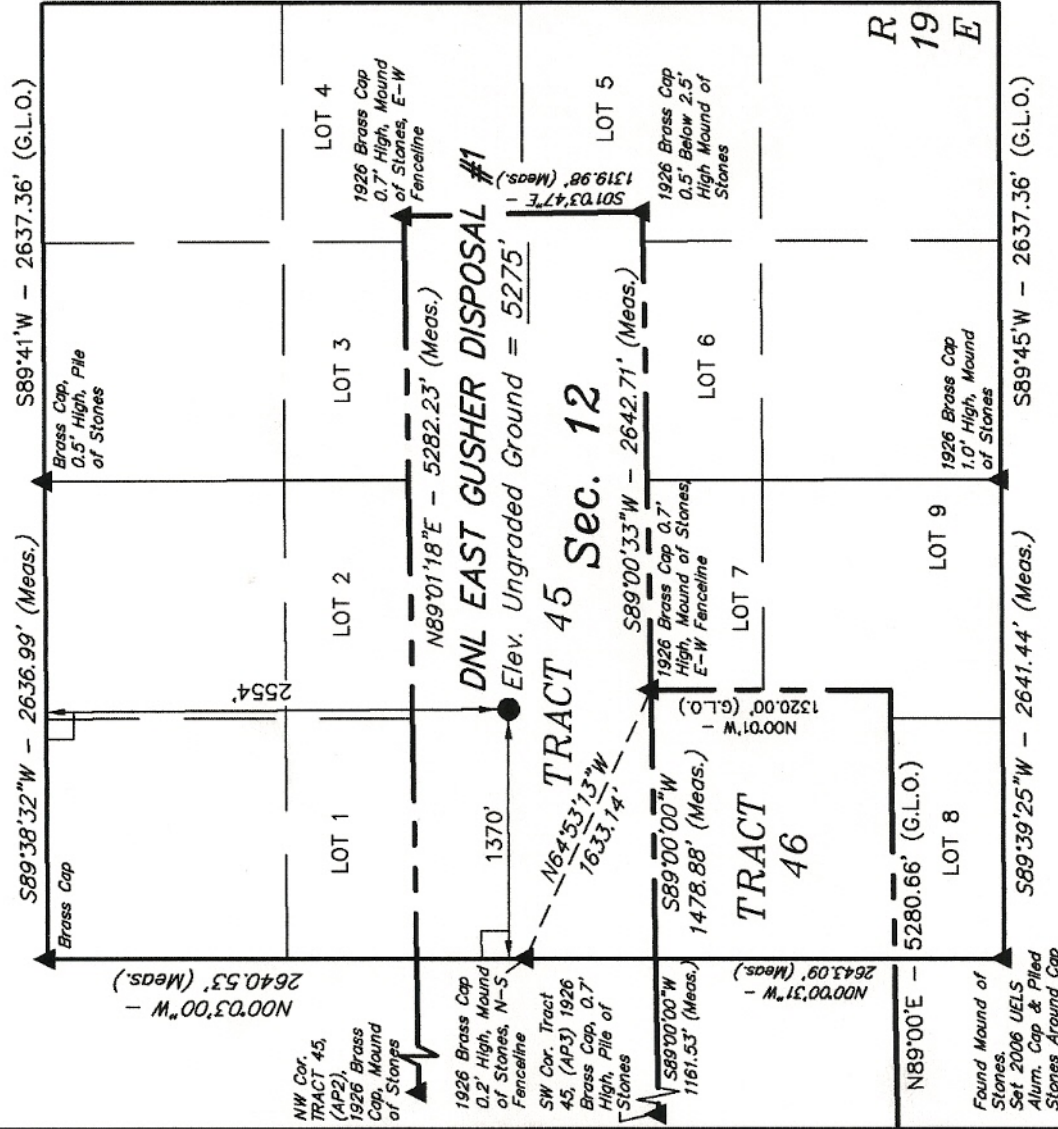
Well location, DNL EAST GUSHER DISPOSAL #1, located as shown in TRACT 45 of Section 12, T6S, R19E, S.L.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT THE SOUTHEAST CORNER OF SECTION 26, T5S, R19E, S.L.B.&M., TAKEN FROM THE VERNAL SW QUADRANGLE, UTAH, UINAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5268 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



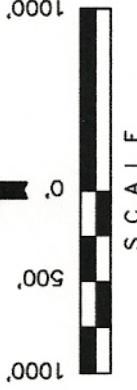
LEGEND:

- └ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(AUTONOMOUS NAD 83)  
LATITUDE = 40°18'46.30" (40.312861)  
LONGITUDE = 109°44'09.59" (109.735997)  
(AUTONOMOUS NAD 27)  
LATITUDE = 40°18'46.44" (40.312900)  
LONGITUDE = 109°44'07.08" (109.735300)

R 19 E  
R 20 E

N00°02'W - 5280.00' (G.L.O.)



REVISED: 01-29-09 S.P.

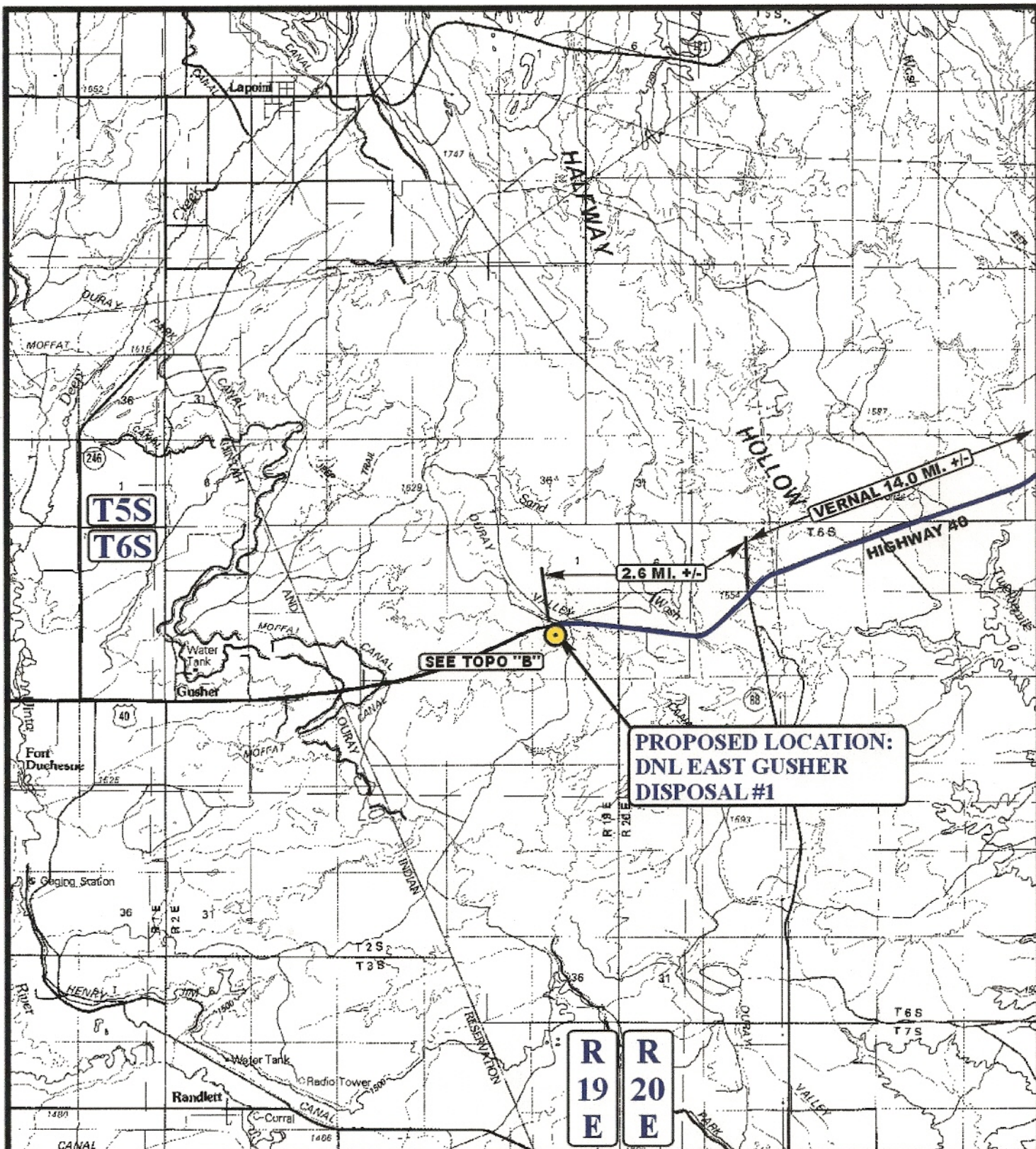
S89°45'W - 2637.36' (G.L.O.)

S89°39'25"W - 2641.44' (Meas.)

UNTAH ENGINEERING & LAND SURVEYING  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 789-1017

SCALE	1" = 1000'	DATE SURVEYED:	08-26-08	DATE DRAWN:	09-08-08
PARTY	B.B. T.P. K.G.	REFERENCES	G.L.O. PLAT		
WEATHER	WARM	FILE			
					DNL EAST GUSHER DISPOSAL, LLC.



**LEGEND:**

 PROPOSED LOCATION



**DNL EAST GUSHER DISPOSAL, LLC,  
DNL EAST GUSHER DISPOSAL #1  
SECTION 12, T6S, R19E, S.L.B.&M.  
2554' FNL 1370' FWL**



**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

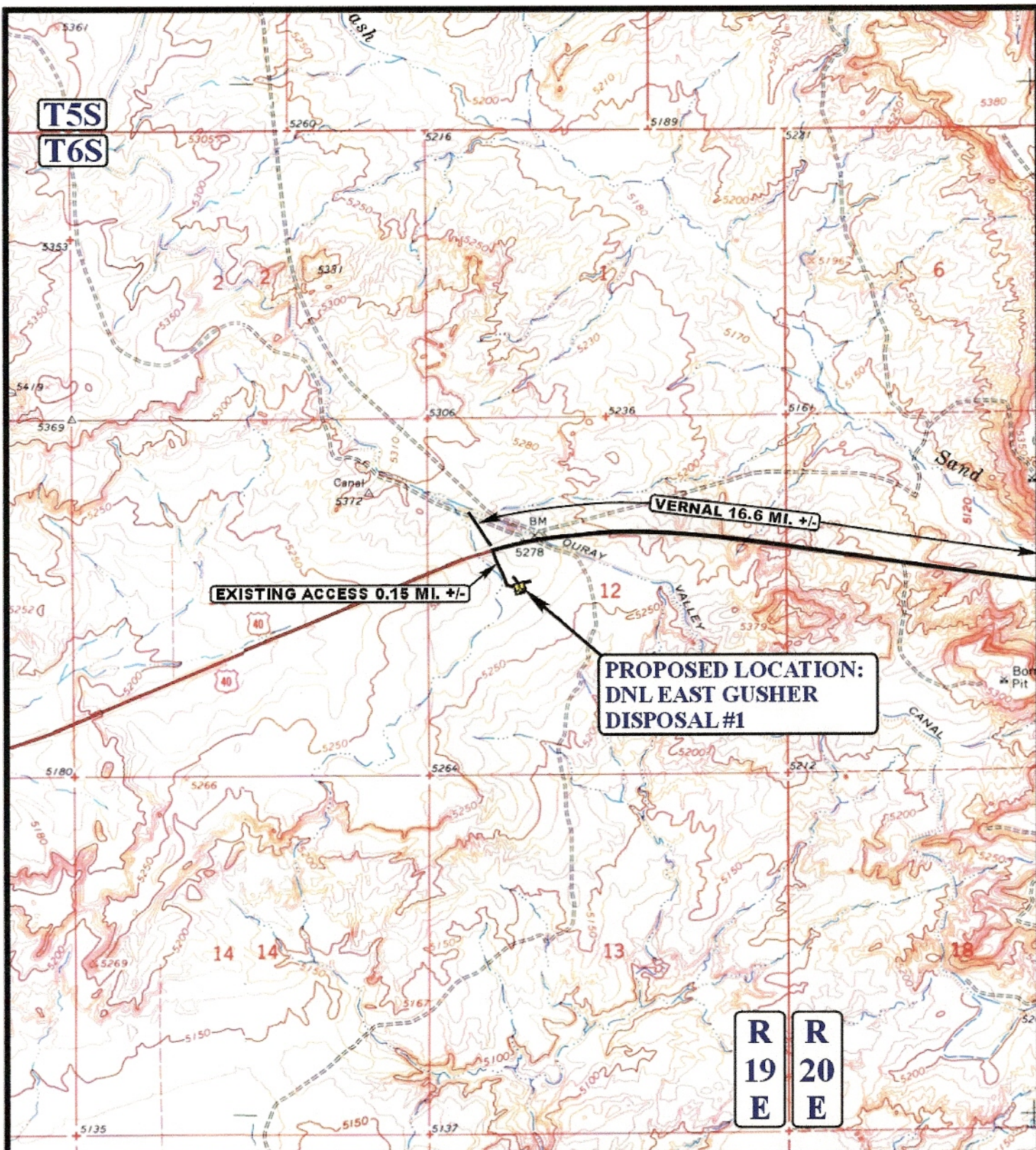
**TOPOGRAPHIC  
MAP**

**09 10 08**  
MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: J.H. REV: 01-30-09 D.P.





**LEGEND:**

— EXISTING ROAD

**DNL EAST GUSHER DISPOSAL, LLC,**

**DNL EAST GUSHER DISPOSAL #1**  
**SECTION 12, T6S, R19E, S.L.B.&M.**  
**2554' FNL 1370' FWL**



**Uintah Engineering & Land Surveying**  
**85 South 200 East Vernal, Utah 84078**  
**(435) 789-1017 \* FAX (435) 789-1813**

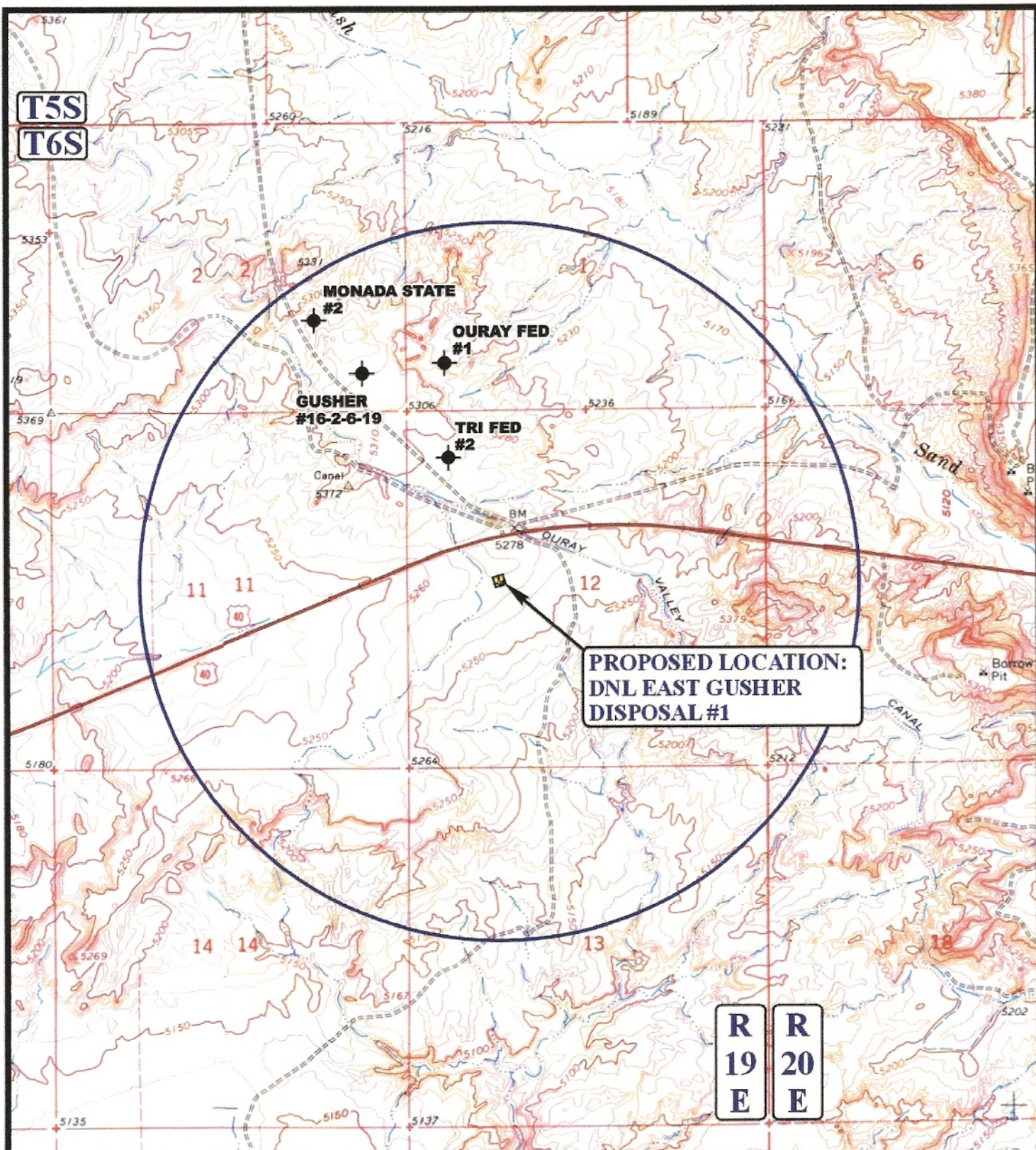
**TOPOGRAPHIC**  
**MAP**

**09 10 08**  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: J.H. REV: 01-30-09 D.P.





**LEGEND:**

- |                   |                         |
|-------------------|-------------------------|
| ◊ DISPOSAL WELLS  | ◊ WATER WELLS           |
| ● PRODUCING WELLS | ● ABANDONED WELLS       |
| ● SHUT IN WELLS   | ● TEMPORARILY ABANDONED |



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813



**DNL EAST GUSHER DISPOSAL, LLC,**

**DNL EAST GUSHER DISPOSAL #1**  
**SECTION 12, T6S, R19E, S.L.B.&M.**  
**2554' FNL 1370' FWL**

**TOPOGRAPHIC**  
**MAP**

**09** **10** **08**  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: J.H. REV: 01-30-09 D.P.





**From:** "David L Allin" <allinpro@bresnan.net>  
**To:** "Diana Mason" <dianawhitney@utah.gov>  
**Date:** 7/15/2009 7:56 AM  
**Subject:** RE: DNL East Gusher Disposal 1

Diana,

Del-Rio Resources, Inc. is the sole owner of DNL East Gusher Disposal, LLC. They are the same company. The subsidiary has appointed its parent company operator to use its bond. There is no surface agreement because it is an owner operated project.

Dave

*David L. Allin June 26, 2012*

David L. Allin  
Del-Rio Resources, Inc. Vice Pres., Exploration Mgr  
AAPG Certified Petroleum Geologist 2934  
Utah Licensed Professional Geologist 5526699-2250  
dba Allin Proprietary  
475 Seasons Drive  
Grand Junction, CO 81507-8749  
Telephone (970) 254-3114  
Telefax (970) 254-3117  
allinpro@bresnan.net

-----Original Message-----

From: Diana Mason [mailto:dianawhitney@utah.gov]  
Sent: Tuesday, July 14, 2009 11:52 AM  
To: allinpro@bresnan.net  
Subject: DNL East Gusher Disposal 1

Do you have the surface agreement?

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 5

## DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: DNL East Gusher Disposal, LLC FEE LANDLEASE NUMBER: Tract 45

and hereby designates

NAME: Del-Rio Resources, Inc.ADDRESS: P.O. Box 459city Vernalstate UTzip 84078

as his (check one) agent ☐ / operator ☒, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)

T6S, R19E, SLM

Section 12: All of Tract 45 excepting ROW for U.S. Highway 40  
117.00 Acres m/l  
Uintah County, Utah

Future location: API No. not assigned, Class II injection well DNL East Gusher Disposal 1 in SENW Section 12

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

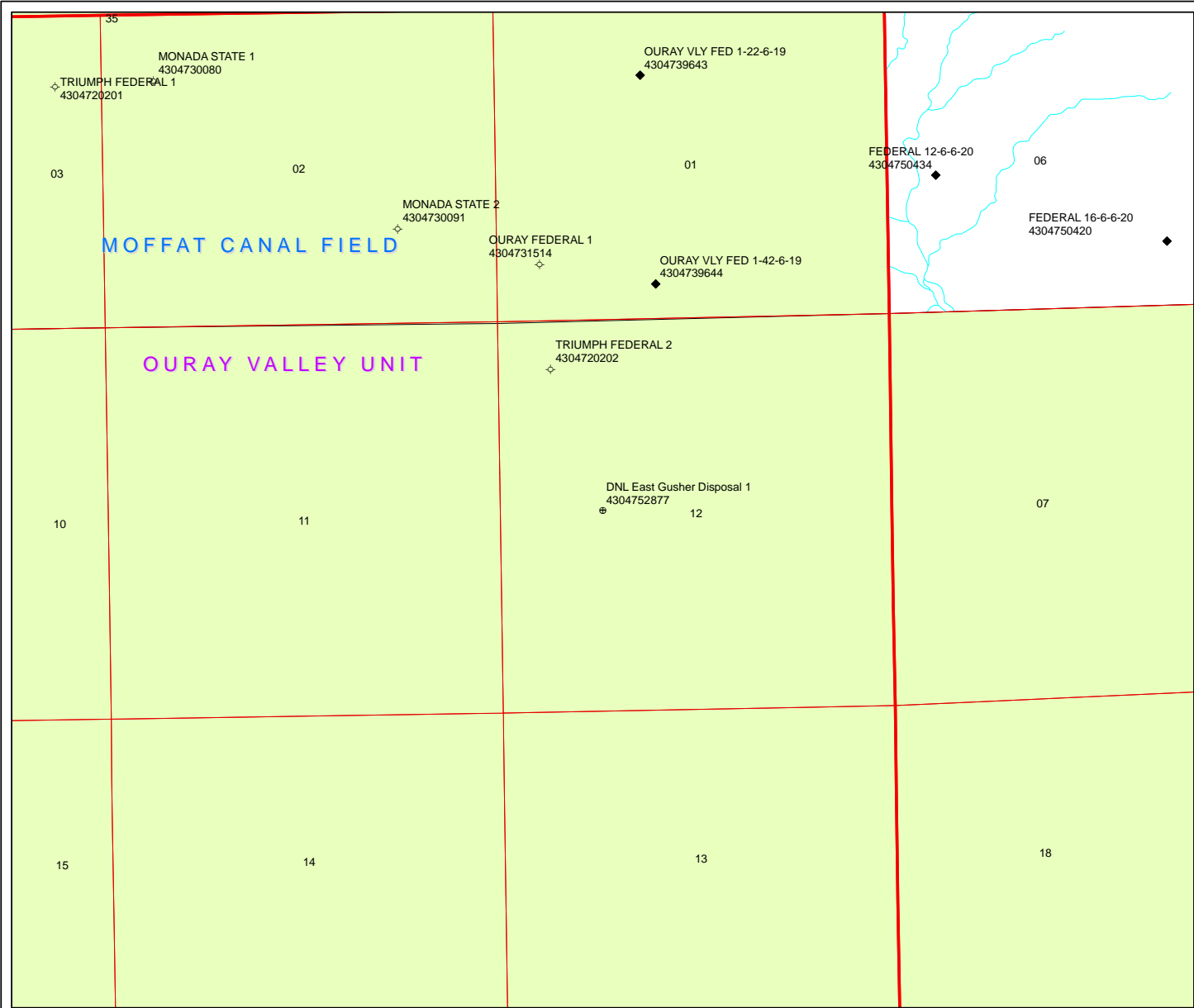
The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: July 8, 2009

BY: (Name) David L. Allin  
(Signature)   
(Title) Vice President of Del-Rio Resources, Inc,  
Assistant Manager of DNL East Gusher Disposal, LLC  
(Phone) (970) 254-3114

DNL East Gusher Disposal, LLC  
OF: (Company) A wholly-owned subsidiary of Del-Rio Resources, Inc.  
(Address) c/o Del-Rio Resources, Inc., P.O. Box 459  
city Vernal  
state UT zip 84078

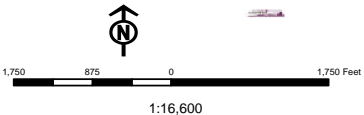


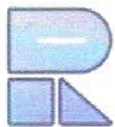


**API Number: 4304752877**  
**Well Name: DNL East Gusher Disposal 1**  
**Township T06.0S Range R19.0E Section 12**  
**Meridian: SLBM**  
**Operator: DEL-RIO RESOURCES INC**

Map Prepared:  
Map Produced by Diana Mason

Units	Wells Query
<b>STATUS</b>	<b>Status</b>
ACTIVE	APD - Approved Permit
EXPLORATORY	DRL - Spudded (Drilling Commenced)
GAS STORAGE	GIW - Gas Injection
NF PP OIL	GS - Gas Storage
NF SECONDARY	LOC - New Location
PI OIL	OPS - Operation Suspended
PP GAS	PA - Plugged Abandoned
PP GEOTHERM	PGW - Producing Gas Well
PP OIL	POW - Producing Oil Well
SECONDARY	SGW - Shut-in Gas Well
TERMINATED	SOW - Shut-in Oil Well
<b>Fields</b>	TA - Temp. Abandoned
Unknown	TW - Test Well
ABANDONED	WDW - Water Disposal
ACTIVE	WW - Water Injection Well
COMBINED	WSW - Water Supply Well
INACTIVE	Bottom Hole Location - Oil/Gas/Dib
STORAGE	
TERMINATED	





**DEL-RIO RESOURCES, INC.**

P.O. BOX 459, VERNAL, UT 84078

Telephone (435) 789-1703 ☼ Cell (435) 828-1703 ☼ Fax (435) 789-5703

July 6, 2012

Ms. Diana Mason

Utah DOGM

P.O. Box 145801

Salt Lake City, UT 84114-5801

Re: Request for Exception to Statewide Vertical Well Siting and Spacing Rules R649-3-2  
Del-Rio Resources, Inc. DNL East Gusher Disposal 1, API No. 43-047-52877, Fee  
2,554' fnl, 1,370' fwl (SWSEnw) Sec. 12, Tract 45, T6S, R19E, SLM, Uintah Co., Utah

Dear Ms. Mason,

Del-Rio Resources, Inc. respectfully requests administrative approval for an exception to the existing spacing order to drill the DNL East Gusher Disposal 1 produced water disposal well. The exception site was selected to position the well more than 500' from the nearest lease line at the northern boundary of (resurvey) Tract 45 and a logical location north of the evaporation ponds currently in use on the property. The well is planned to have a vertical trajectory. Please review Attachment A. This map depicts the regular well site location windows in the W2 of Section 12 which could be drilled in compliance with R649-3-2, the proposed exception location requested herein near the center of W2 of Section 12, the existing wells and recently permitted locations in the vicinity. There are no oil and gas wells within 920' of the proposed location.

Bill Barrett Corporation is the only oil and gas lessee within 460' of the currently proposed well location. A letter of consent from Bill Barrett Corporation to the proposed exception location was submitted with the Form 3 APD Complete Drilling Plan attachment and labeled "CDP Attachment B: DNL E Gusher Disposal APD Waiver." The proposed well would be the first oil and gas well drilled on the lease and the second on the underlying section. The proposed depth of the well is 5,350' to log the top of the Green River Formation. Injection will be limited to the lower Uinta Formation. The underlying surface owner is DNL East Gusher Disposal, LLC, a wholly-owned subsidiary of Del-Rio Resources, Inc.

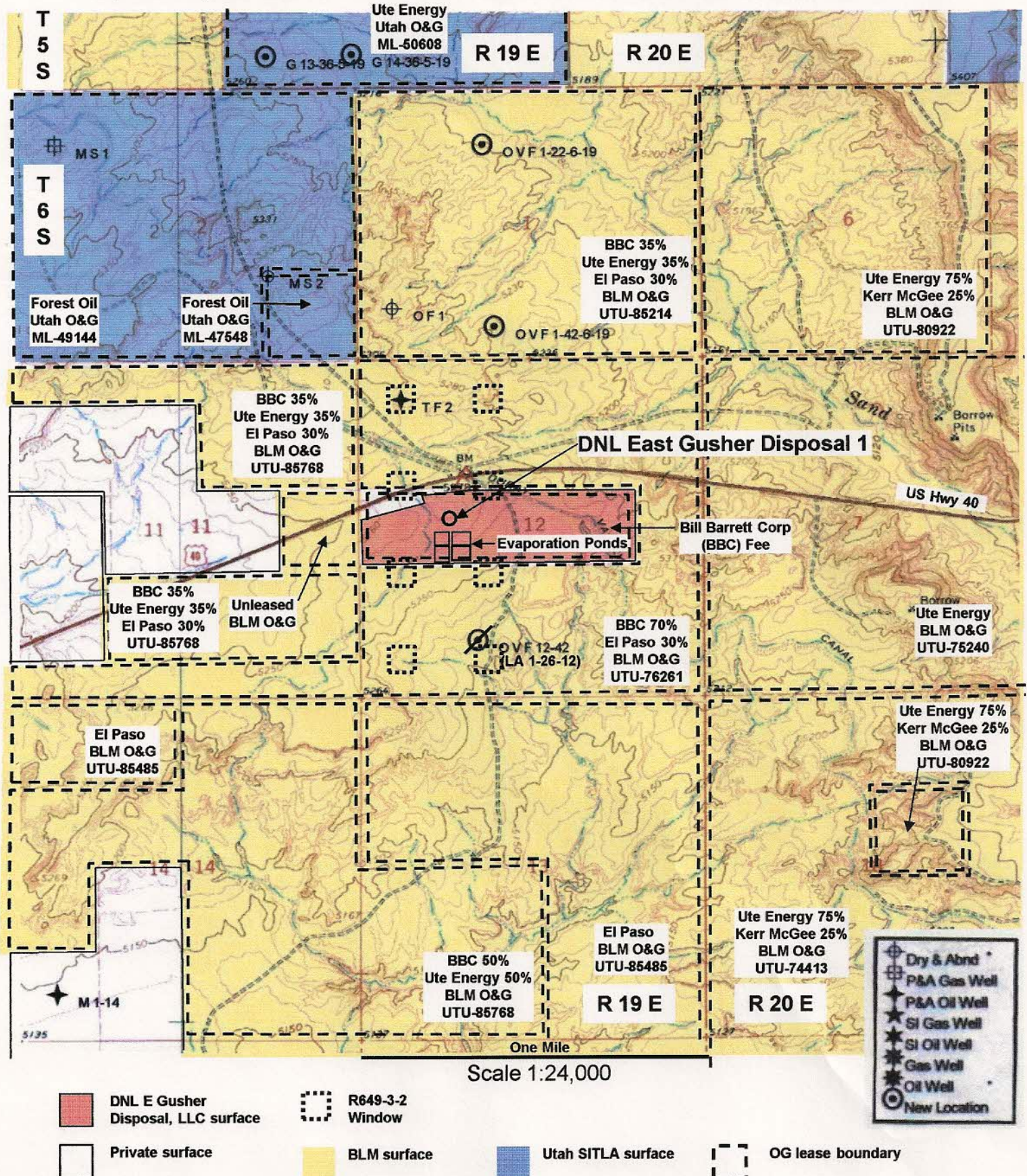
Please let me know if there is any other information you need to assist Utah DOGM in consideration of this request.

David L. Allin

Vice President, Exploration Manager

Att.

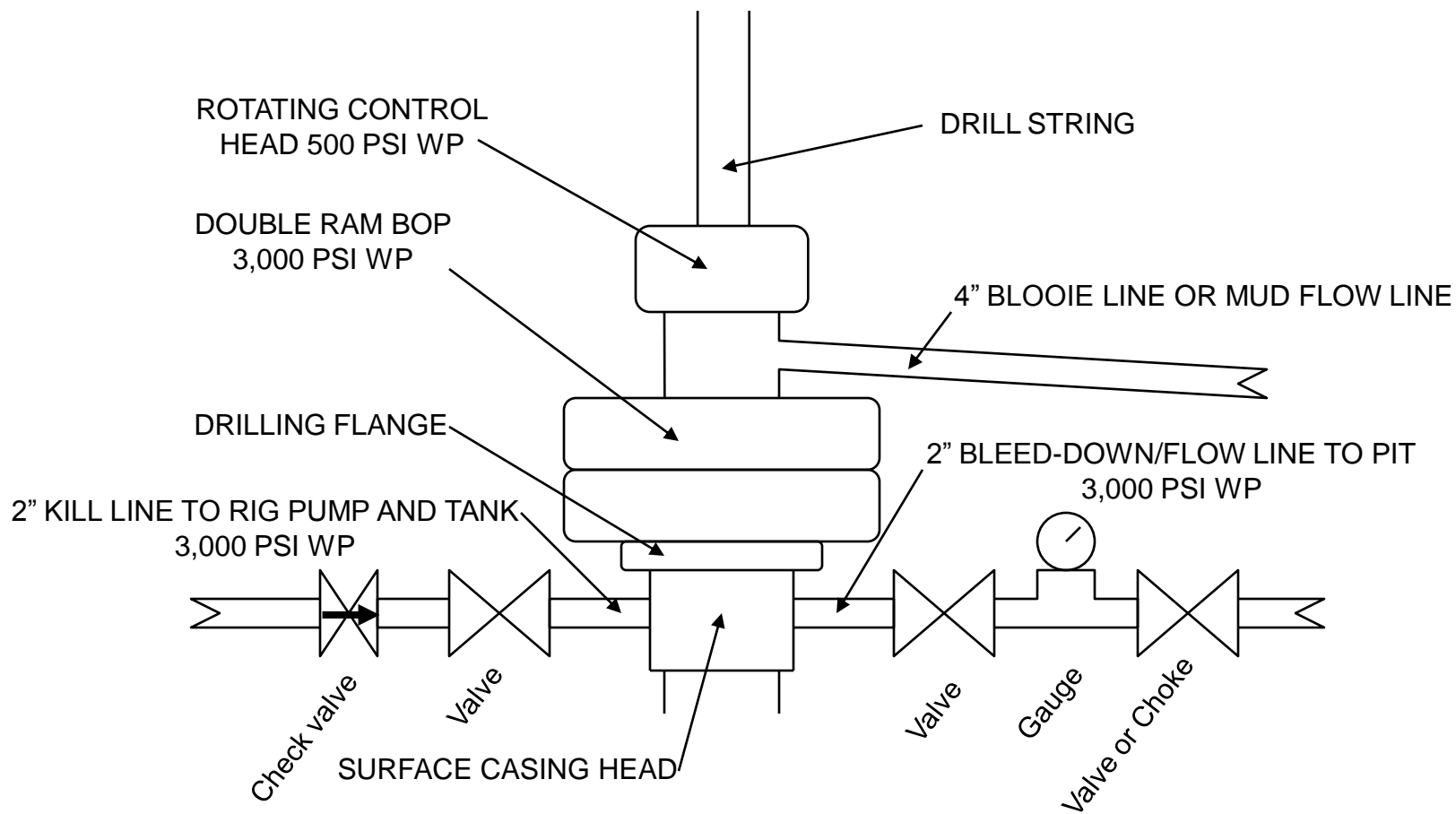






## Schematic Diagram of BOPE for DNL East Gusher Disposal 1

Not drawn to scale



## BOPE REVIEW DEL-RIO RESOURCES INC NL East Gusher Disposal 1 43047528770000

Well Name	DEL-RIO RESOURCES INC DNL East Gusher Disposal 1 430475287700			
String	COND	SURF	PROD	
Casing Size(in)	14.000	8.625	5.500	
Setting Depth (TVD)	40	1000	5350	
Previous Shoe Setting Depth (TVD)	0	40	1000	
Max Mud Weight (ppg)	8.3	8.8	8.8	
BOPE Proposed (psi)	0	500	3000	
Casing Internal Yield (psi)	1000	2950	7740	
Operators Max Anticipated Pressure (psi)	2300		8.3	

Calculations	COND String	14.000	"	
Max BHP (psi)	.052*Setting Depth*MW=	17		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	12	NO	
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	8	NO	
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	8	NO	
Required Casing/BOPE Test Pressure=		40	psi	
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi *Assumes 1psi/ft frac gradient	

Calculations	SURF String	8.625	"	
Max BHP (psi)	.052*Setting Depth*MW=	458		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	338	YES	air mist/fresh wtr spud mud
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	238	YES	OK
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	247	NO	OK
Required Casing/BOPE Test Pressure=		1000	psi	
*Max Pressure Allowed @ Previous Casing Shoe=		40	psi *Assumes 1psi/ft frac gradient	

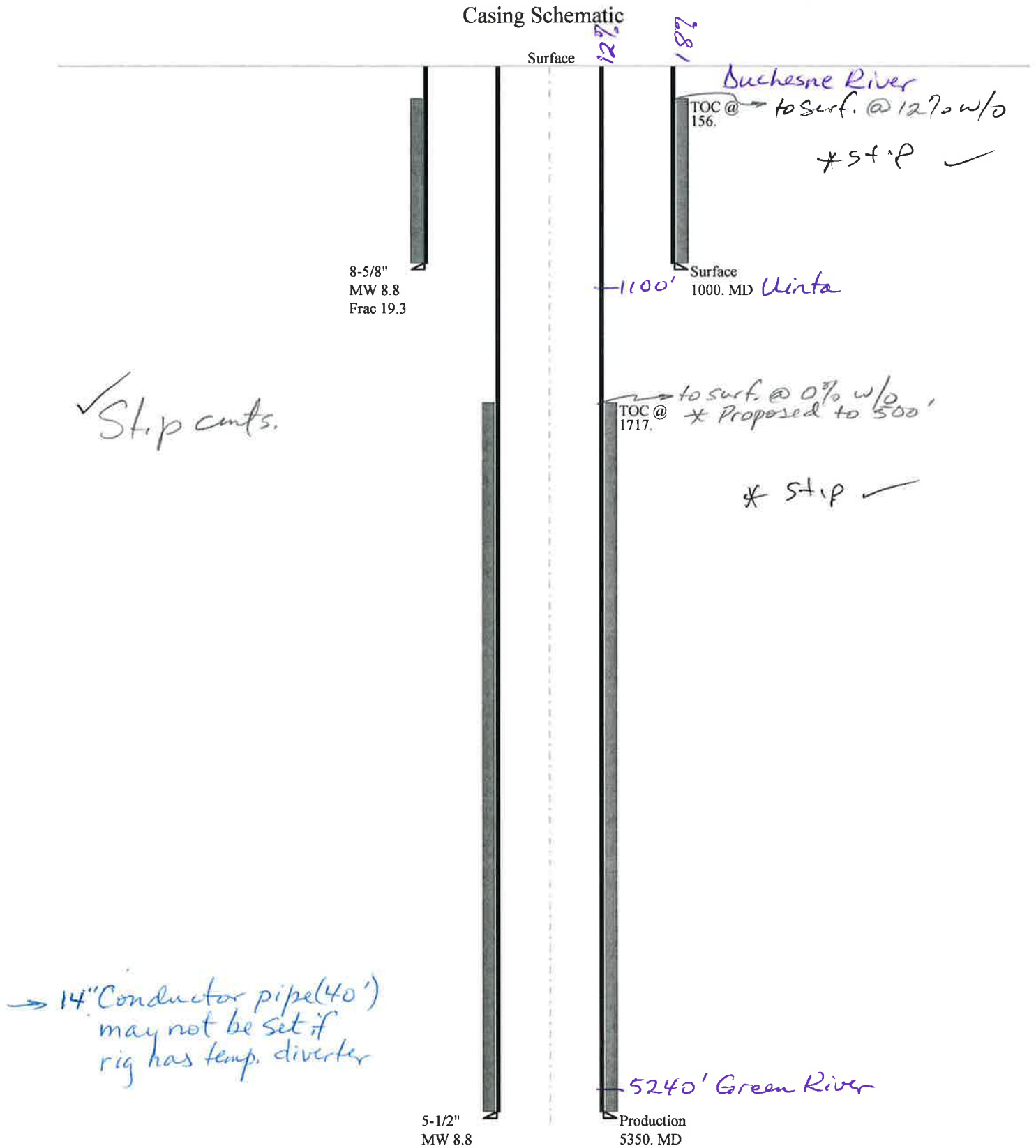
Calculations	PROD String	5.500	"	
Max BHP (psi)	.052*Setting Depth*MW=	2448		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	1806	YES	
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	1271	YES	OK
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	1491	NO	OK
Required Casing/BOPE Test Pressure=		3000	psi	
*Max Pressure Allowed @ Previous Casing Shoe=		1000	psi *Assumes 1psi/ft frac gradient	

Calculations	String		"	
Max BHP (psi)	.052*Setting Depth*MW=			
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO	
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO	
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO	
Required Casing/BOPE Test Pressure=			psi	
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient	



# 43047528770000 DNL East Gusher Disposal 1

## Casing Schematic



Well name:	<b>43047528770000 DNL East Gusher Disposal 1</b>		
Operator:	<b>DEL RIO RESOURCES INC</b>		
String type:	Surface	Project ID:	43-047-52877
Location:	UINTAH COUNTY		

**Design parameters:****Collapse**

Mud weight: 8.800 ppg  
Design is based on evacuated pipe.

**Minimum design factors:****Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 74 °F  
Bottom hole temperature: 88 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 100 ft

Cement top: 156 ft

**Burst**

Max anticipated surface pressure: 880 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP 1,000 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.70 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Tension is based on air weight.  
Neutral point: 868 ft

**Non-directional string.****Re subsequent strings:**

Next setting depth: 5,350 ft  
Next mud weight: 8.800 ppg  
Next setting BHP: 2,446 psi  
Fracture mud wt: 19.250 ppg  
Fracture depth: 1,000 ft  
Injection pressure: 1,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	1000	8.625	24.00	J-55	ST&C	1000	1000	7.972	5147
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	457	1370	2.997	1000	2950	2.95	24	244	10.17 J

Prepared Helen Sadik-Macdonald  
by: Div of Oil, Gas & Mining

Phone: 801 538-5357  
FAX: 801-359-3940

Date: September 26, 2012  
Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 1000 ft, a mud weight of 8.8 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	<b>43047528770000 DNL East Gusher Disposal 1</b>	
Operator:	<b>DEL RIO RESOURCES INC</b>	
String type:	Production	Project ID: 43-047-52877
Location:	UINTAH COUNTY	

**Design parameters:****Collapse**

Mud weight: 8.800 ppg  
Design is based on evacuated pipe.

**Minimum design factors:****Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 74 °F  
Bottom hole temperature: 149 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,000 ft

Cement top: 1,717 ft

**Burst**

Max anticipated surface pressure: 1,269 psi  
Internal gradient: 0.220 psi/ft  
Calculated BHP 2,446 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.60 (B)

**Non-directional string.**

Tension is based on air weight.  
Neutral point: 4,636 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	5350	5.5	17.00	N-80	LT&C	5350	5350	4.767	30155

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	2446	6290	2.572	2446	7740	3.16	90.9	348	3.83 J

Prepared by: Helen Sadik-Macdonald  
Div of Oil, Gas & Mining

Phone: 801 538-5357  
FAX: 801-359-3940

Date: September 26, 2012  
Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 5350 ft, a mud weight of 8.8 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

# **ON-SITE PREDRILL EVALUATION**

## **Utah Division of Oil, Gas and Mining**

**Operator** DEL-RIO RESOURCES INC  
**Well Name** DNL East Gusher Disposal 1  
**API Number** 43047528770000      **APD No** 6246      **Field/Unit** MOFFAT CANAL  
**Location: 1/4,1/4** SENW      **Sec** 12      **Tw** 6.0S      **Rng** 19.0E      2554 FNL 1370 FWL  
**GPS Coord (UTM)**      **Surface Owner** DNL East Gusher Disposal, LLC

### **Participants**

Larry Caldwell (Del- Rio Resources, surface owner and well operator), David Allin (Del- Rio Resources)

### **Regional/Local Setting & Topography**

This proposed well site is immediately north of pond 1 of the Del- Rio disposal pond facility. The proposed well head is 93 feet north of the edge of the liner of pond 1 and the west side of the location bumps up to the edge of the concrete unloading, oil separation vault of the disposal facility. The well is on the south side of Hwy 40 16.6 miles west of Vernal, UT.

### **Surface Use Plan**

**Current Surface Use**  
Industrial

<b>New Road Miles</b>	<b>Well Pad</b>	<b>Src Const Material</b>	<b>Surface Formation</b>
0	<b>Width</b> 150 <b>Length</b> 150	Onsite	DUCHR

**Ancillary Facilities** N

**Waste Management Plan Adequate?** Y

### **Environmental Parameters**

**Affected Floodplains and/or Wetlands** N

**Flora / Fauna**  
Russian thistle

**Soil Type and Characteristics**  
clay loam

**Erosion Issues** N

**Sedimentation Issues** N

**Site Stability Issues** N

**Drainage Diversion Required?** N

**Berm Required?** N

**Erosion Sedimentation Control Required?** N

**Paleo Survey Run? N    Paleo Potential Observed? N    Cultural Survey Run? N    Cultural Resources? N**

**Reserve Pit**

**Site-Specific Factors**

**Site Ranking**

**Distance to Groundwater (feet)  
Distance to Surface Water (feet)  
Dist. Nearest Municipal Well (ft)  
Distance to Other Wells (feet)  
Native Soil Type  
Fluid Type  
Drill Cuttings  
Annual Precipitation (inches)  
Affected Populations  
Presence Nearby Utility Conduits**

**Final Score**

**Sensitivity Level**

**Characteristics / Requirements**

Reserve pit is 60ft x 15ft x 8ft deep. Del-Rio plans to use a 12 mil liner and flet subliner.  
This will be adequate for the location.

**Closed Loop Mud Required? N    Liner Required? Y    Liner Thickness 12    Pit Underlayment Required? N**

**Other Observations / Comments**

Richard Powell  
**Evaluator**

8/1/2012  
**Date / Time**



# Application for Permit to Drill

## Statement of Basis

### Utah Division of Oil, Gas and Mining

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
6246	43047528770000	LOCKED	WD	P	No
Operator	DEL-RIO RESOURCES INC		Surface Owner-APD	DNL East Gusher Disposal, LLC	
Well Name	DNL East Gusher Disposal 1		Unit		
Field	MOFFAT CANAL		Type of Work	DRILL	
Location	SENW 12 6S 19E S 2554 FNL 1370 FWL GPS Coord (UTM) 607408E 4463243N				

#### Geologic Statement of Basis

Del-Rio proposes to set 40 feet of conductor and 300 feet of surface casing at this location. The surface hole will be drilled with air to the maximum depth possible. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 2,570'. A search of Division of Water Rights records shows 1 water well within a 10,000 foot radius of the center of Section 12. This well produces water from a depth of 700 feet and is used for oil exploration. The well is owned by the facility which is proposing this well. The surface formation at this site is the Duchesne River Formation. The Duchesne River Formation is made up of interbedded shales and sandstones and is known to be a source of water in the Uinta Basin. Considering the intent to use this well as a saltwater disposal well, the surface casing should be extended to approximately 1,000 feet to better protect near surface ground water for potential future use. Production casing cement should be brought up to or above the base of the moderately saline ground water.

Brad Hill  
APD Evaluator

8/9/2012  
Date / Time

#### Surface Statement of Basis

This well is on fee surface belonging to Del-Rio Resources. Del-Rio owner Larry Caldwell and geologist David Allin were present for this onsite inspection.

This proposed well site is immediately north of Pond 1 of the Del-Rio disposal pond facility. The proposed well head is 93 feet north of the edge of the liner of pond 1 and the west side of the location bumps up to the edge of the concrete unloading/oil separation vault of the disposal facility. According to Mr. Allin the well pad will be shrunk down enough to not disturb the vault. This side of the location will be used for pipe racks. Del-Rio as the owner of the disposal facility has a strong interest in protecting the vault and made assurance that the integrity of the vault and the nearby disposal pond will not be jeopardized. Mr. Allin stated that Del-Rio plans to use a 12 mil liner for the reserve pit and this appears adequate for the site. This site appears to be OK for placement of the well.

Richard Powell  
Onsite Evaluator

8/1/2012  
Date / Time

#### Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 12 mils with a felt subliner shall be properly installed and maintained in the reserve pit.

API Well Number: 43047528770000

Surface	Damage to the structural integrity of pond 1 or the concrete separation vault during construction or operation of this well could result in closure of these facility features.
---------	---

RECEIVED: October 17, 2012

## WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 6/28/2012

API NO. ASSIGNED: 43047528770000

WELL NAME: DNL East Gusher Disposal 1

OPERATOR: DEL-RIO RESOURCES INC (N0330)

PHONE NUMBER: 970 254-3114

CONTACT: David L. Allin

PROPOSED LOCATION: SENW 12 060S 190E

Permit Tech Review: ☒

SURFACE: 2554 FNL 1370 FWL

Engineering Review: ☒

BOTTOM: 2554 FNL 1370 FWL

Geology Review: ☒

COUNTY: UINTAH

LATITUDE: 40.31280

LONGITUDE: -109.73593

UTM SURF EASTINGS: 607408.00

NORTHINGS: 4463243.00

FIELD NAME: MOFFAT CANAL

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

PROPOSED PRODUCING FORMATION(S): GREEN RIVER

SURFACE OWNER: 4 - Fee

COALBED METHANE: NO

## RECEIVED AND/OR REVIEWED:

☒ PLAT☒ Bond: STATE - 8734397758☐ Potash☐ Oil Shale 190-5☐ Oil Shale 190-3☐ Oil Shale 190-13☒ Water Permit: Well on property☐ RDCC Review:☒ Fee Surface Agreement☐ Intent to Commingle

Commingle Approved

## LOCATION AND SITING:

☐ R649-2-3.

Unit:

☐ R649-3-2. General☒ R649-3-3. Exception☒ Drilling Unit

Board Cause No: R649-3-3

Effective Date:

Siting:

☐ R649-3-11. Directional Drill

Comments: Presite Completed

Stipulations: 1 - Exception Location - dmason  
5 - Statement of Basis - bhll  
12 - Cement Volume (3) - hmacdonald  
23 - Spacing - dmason  
25 - Surface Casing - hmacdonald

RECEIVED: October 17, 2012



GARY R. HERBERT  
*Governor*

GREGORY S. BELL  
*Lieutenant Governor*

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

## Permit To Drill

\*\*\*\*\*

**Well Name:** DNL East Gusher Disposal 1  
**API Well Number:** 43047528770000  
**Lease Number:** FEE  
**Surface Owner:** FEE (PRIVATE)  
**Approval Date:** 10/17/2012

### Issued to:

DEL-RIO RESOURCES INC, P.O. Box 459, Vernal, UT 84078

### Authority:

Pursuant to Utah Code Ann. 40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-3. The expected producing formation or pool is the GREEN RIVER Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

### Duration:

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

### Exception Location:

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

### General:

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

### Conditions of Approval:

This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

Cement volume for the 5 1/2 production string shall be determined from actual hole diameter in order to place cement from the pipe setting depth back to 500' MD as indicated in the submitted drilling plan.

Surface casing shall be cemented to the surface.

**Additional Approvals:**

The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan - contact Dustin Doucet
- Significant plug back of the well - contact Dustin Doucet
- Plug and abandonment of the well - contact Dustin Doucet

**Notification Requirements:**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well - contact Carol Daniels  
OR  
submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website  
at <http://oilgas.ogm.utah.gov>
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing - contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program  
- contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well - contact Dan Jarvis

**Contact Information:**

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voicemail message if the person is not available to take the call):

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office  
801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office  
801-231-8956 - after office hours

**Reporting Requirements:**

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) - due within 5 days of spudding the well
- Monthly Status Report (Form 9) - due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) - due prior to implementation

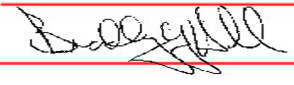


- Written Notice of Emergency Changes (Form 9) - due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) - due prior to implementation
- Report of Water Encountered (Form 7) - due within 30 days after completion
- Well Completion Report (Form 8) - due within 30 days after completion or plugging

**Approved By:**

A handwritten signature in black ink, appearing to read "John Rogers", written over a horizontal line.

For John Rogers  
Associate Director, Oil & Gas

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> FEE
<b>1. TYPE OF WELL</b> Water Disposal Well		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
<b>2. NAME OF OPERATOR:</b> DEL-RIO RESOURCES INC		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 459, Vernal, UT, 84078		<b>8. WELL NAME and NUMBER:</b> DNL East Gusher Disposal 1
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2554 FNL 1370 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SENW Section: 12 Township: 06.0S Range: 19.0E Meridian: S		<b>9. API NUMBER:</b> 43047528770000
<b>PHONE NUMBER:</b> 970 254-3114 Ext		<b>9. FIELD and POOL or WILDCAT:</b> MOFFAT CANAL
<b>COUNTY:</b> UINTAH		<b>STATE:</b> UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>	
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: <b>5/15/2014</b>  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> ACIDIZE   <input type="checkbox"/> CHANGE TO PREVIOUS PLANS   <input type="checkbox"/> CHANGE WELL STATUS   <input type="checkbox"/> DEEPEN   <input type="checkbox"/> OPERATOR CHANGE   <input type="checkbox"/> PRODUCTION START OR RESUME   <input type="checkbox"/> REPERFORATE CURRENT FORMATION   <input type="checkbox"/> TUBING REPAIR   <input type="checkbox"/> WATER SHUTOFF   <input type="checkbox"/> WILDCAT WELL DETERMINATION         </div> <div style="width: 33%;"> <input type="checkbox"/> ALTER CASING   <input type="checkbox"/> CHANGE TUBING   <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS   <input type="checkbox"/> FRACTURE TREAT   <input type="checkbox"/> PLUG AND ABANDON   <input type="checkbox"/> RECLAMATION OF WELL SITE   <input type="checkbox"/> SIDETRACK TO REPAIR WELL   <input type="checkbox"/> VENT OR FLARE   <input type="checkbox"/> SI TA STATUS EXTENSION   <input type="checkbox"/> OTHER         </div> <div style="width: 33%;"> <input type="checkbox"/> CASING REPAIR   <input type="checkbox"/> CHANGE WELL NAME   <input type="checkbox"/> CONVERT WELL TYPE   <input type="checkbox"/> NEW CONSTRUCTION   <input type="checkbox"/> PLUG BACK   <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION   <input type="checkbox"/> TEMPORARY ABANDON   <input type="checkbox"/> WATER DISPOSAL   <input checked="" type="checkbox"/> <b>APD EXTENSION</b>          OTHER: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> </div> </div>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Request renewal of permit to accommodate issuance of EPA UIC Final Permit UT21217-08321.		
<b>Approved by the</b> <b>Utah Division of</b> <b>Oil, Gas and Mining</b>  <b>Date:</b> September 30, 2013 <b>By:</b> 		
<b>NAME (PLEASE PRINT)</b> David L. Allin		<b>PHONE NUMBER</b> 970 254-3114
<b>SIGNATURE</b> N/A		<b>TITLE</b> Vice President/Exploration Mgr
<b>DATE</b> 9/26/2013		



**The Utah Division of Oil, Gas, and Mining**

- State of Utah
- Department of Natural Resources

**Electronic Permitting System - Sundry Notices**

**Request for Permit Extension Validation Well Number 43047528770000**

**API:** 43047528770000

**Well Name:** DNL East Gusher Disposal 1

**Location:** 2554 FNL 1370 FWL QTR SENW SEC 12 TWNP 060S RNG 190E MER S

**Company Permit Issued to:** DEL-RIO RESOURCES INC

**Date Original Permit Issued:** 10/17/2012

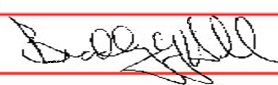
The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☒ Yes ☐ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

**Signature:** David L. Allin

**Date:** 9/26/2013

**Title:** Vice President/Exploration Mgr **Representing:** DEL-RIO RESOURCES INC

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> FEE
<b>1. TYPE OF WELL</b> Water Disposal Well		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
<b>2. NAME OF OPERATOR:</b> DEL-RIO RESOURCES INC		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 459, Vernal, UT, 84078		<b>8. WELL NAME and NUMBER:</b> DNL East Gusher Disposal 1
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2554 FNL 1370 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SENW Section: 12 Township: 06.0S Range: 19.0E Meridian: S		<b>9. API NUMBER:</b> 43047528770000
<b>PHONE NUMBER:</b> 970 254-3114 Ext		<b>9. FIELD and POOL or WILDCAT:</b> MOFFAT CANAL
<b>COUNTY:</b> UINTAH		<b>STATE:</b> UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>	
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: <b>7/1/2015</b>  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> ACIDIZE  <input type="checkbox"/> CHANGE TO PREVIOUS PLANS  <input type="checkbox"/> CHANGE WELL STATUS  <input type="checkbox"/> DEEPEN  <input type="checkbox"/> OPERATOR CHANGE  <input type="checkbox"/> PRODUCTION START OR RESUME  <input type="checkbox"/> REPERFORATE CURRENT FORMATION  <input type="checkbox"/> TUBING REPAIR  <input type="checkbox"/> WATER SHUTOFF  <input type="checkbox"/> WILDCAT WELL DETERMINATION         </div> <div style="width: 33%;"> <input type="checkbox"/> ALTER CASING  <input type="checkbox"/> CHANGE TUBING  <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS  <input type="checkbox"/> FRACTURE TREAT  <input type="checkbox"/> PLUG AND ABANDON  <input type="checkbox"/> RECLAMATION OF WELL SITE  <input type="checkbox"/> SIDETRACK TO REPAIR WELL  <input type="checkbox"/> VENT OR FLARE  <input type="checkbox"/> SI TA STATUS EXTENSION  <input type="checkbox"/> OTHER         </div> <div style="width: 33%;"> <input type="checkbox"/> CASING REPAIR  <input type="checkbox"/> CHANGE WELL NAME  <input type="checkbox"/> CONVERT WELL TYPE  <input type="checkbox"/> NEW CONSTRUCTION  <input type="checkbox"/> PLUG BACK  <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION  <input type="checkbox"/> TEMPORARY ABANDON  <input type="checkbox"/> WATER DISPOSAL  <input checked="" type="checkbox"/> <b>APD EXTENSION</b>          OTHER: <input style="width: 100px;" type="text"/> </div> </div>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  <div style="display: flex; justify-content: space-between;"> <div>           Search for JV partners in progress.         </div> <div style="text-align: right;"> <p style="color: red; font-weight: bold;">Approved by the October 14, 2014 Oil, Gas and Mining</p> <p style="color: red; font-weight: bold;">Date: _____</p> <p style="color: red; font-weight: bold;">By: <u></u></p> </div> </div>		
<b>NAME (PLEASE PRINT)</b> David L. Allin	<b>PHONE NUMBER</b> 970 254-3114	<b>TITLE</b> Vice President/Exploration Mgr
<b>SIGNATURE</b> N/A	<b>DATE</b> 9/30/2014	



**The Utah Division of Oil, Gas, and Mining**

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

**Request for Permit Extension Validation Well Number 43047528770000**

API: 43047528770000

Well Name: DNL East Gusher Disposal 1

Location: 2554 FNL 1370 FWL QTR SENW SEC 12 TWNP 060S RNG 190E MER S

Company Permit Issued to: DEL-RIO RESOURCES INC

Date Original Permit Issued: 10/17/2012

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☒ Yes ☐ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

Signature: David L. Allin

Date: 9/30/2014

Title: Vice President/Exploration Mgr Representing: DEL-RIO RESOURCES INC

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

RECEIVED

JUN 10 2015

FORM-9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Water Disposal Well</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: <u>Fee</u>
2. NAME OF OPERATOR: <u>Del-Rio Resources Inc</u>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: P.O. Box 459 CITY <u>Vernal</u> STATE <u>UT</u> ZIP <u>84078</u>		7. UNIT OR CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: <u>2554 fml, 1370 fwl</u>		8. WELL NAME and NUMBER: <u>DNL East Gusher Disposal 1</u>
PHONE NUMBER: <u>(970) 254-3114</u>		9. API NUMBER: <u>4304752877</u>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <u>SENW 12 6S 19E S</u>		10. FIELD AND POOL, OR WILDCAT: <u>Moffat Canal</u>
COUNTY: <u>Uintah</u>		STATE: <u>UTAH</u>

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>6/5/2015</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Del-Rio Resources Inc sold the DNL East Gusher Disposal facility and underlying real property to Eastern Water Solutions effective January 1, 2015. The new owner wishes to drill and complete this well and obtain a UIC permit from US EPA for conversion to water disposal. Eastern Water Solutions can be contacted at its physical address: 13572 East Highway 40, Fort Duchesne, UT 84026 or its mailing address: P.O. Box 1449, Roosevelt, UT 84066. Eastern Water Solutions will establish a new bond for the well acceptable to DOGM and request approval for the transfer of this approved APD for the well under a new well name and number: EWS 1. The Request to Transfer APD form executed on behalf of Del-Rio Resources Inc is attached to initiate the process.

NAME (PLEASE PRINT) David L Allin TITLE Vice President-Exploration

SIGNATURE David L Allin DATE 6/5/2015

(This space for State use only)

**REQUEST DENIED**  
Utah Division of  
Oil, Gas and Mining

Date: 15 September 2015  
By: Rachael Medina

Eastern has failed to provide  
a sundry assuming this well.

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

**Request to Transfer Application or Permit to Drill**

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

RECEIVED  
JUN 10 2 15  
DIV. OF OIL, GAS & MINING

Well name:	DNL East Gusher Disposal 1
API number:	4304752877
Location:	Qtr-Qtr: SENE Section: 12 Township: 6 S Range: 19 E
Company that filed original application:	Del-Rio Resources Inc
Date original permit was issued:	10/17/2012
Company that permit was issued to:	Del-Rio Resources Inc

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> If so, has the surface agreement been updated?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>8734397758</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) David L Allin Title Vice President-Exploration  
Signature *David L Allin* Date 06/05/2015  
Representing (company name) Del-Rio Resources Inc

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.





GARY R. HERBERT  
Governor

SPENCER J. COX  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

October 29, 2015

Del-Rio Resources Inc.  
P.O. BOX 459  
Vernal, UT 84078

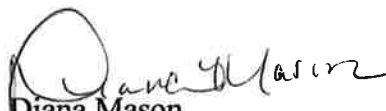
Re: APD Rescinded – DNL East Gusher Disposal 1, Sec. 12, T.6S, R. 19E  
Uintah County, Utah API No. 43-047-52877

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on October 17, 2012. On September 30, 2013 and October 14, 2014, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 29, 2015.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
Brad Hill, Technical Service Manager

